

VZCZCXRO8386
PP RUEHMA RUEHPA
DE RUEHUJA #1540/01 2331517
ZNR UUUUU ZZH
P 211517Z AUG 09
FM AMEMBASSY ABUJA
TO RUEHC/SECSTATE WASHDC PRIORITY 6854
INFO RUEHZK/ECOWAS COLLECTIVE
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEHC/DEPT OF LABOR WASHDC
RUEHRC/DEPT OF AGRICULTURE WASHDC
RUEAIIA/CIA WASHDC
RUEKDIA/DIA WASHDC
RHMFISS/HQ USAFRICOM STUTTGART GE
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK

UNCLAS SECTION 01 OF 04 ABUJA 001540

SENSITIVE
SIPDIS

DEPT PASS TO USAID FOR AFR/ATWOOD
DEPT PASS USTR-AGAMA
DOE FOR GPERSON, CHAYLOCK
TREASURY FOR PETERS AND IERONIMO
LABOR FOR SHALEY
USDA/FAS/OTP FOR MCKENZIE

E.O. 12958: N/A
TAGS: [PGOV](#) [ECON](#) [EIND](#) [ELAB](#) [EPET](#) [NI](#) [IZ](#)
SUBJECT: NIGERIA: POL-ECON GRAB BAG

Ref: A) ABUJA 1377, B) ABUJA 1270

11. (U) Mission Nigeria provides the following compilation of recent political and economic developments not reported elsewhere.

DANGOTE ELECTED NEW STOCK EXCHANGE PRESIDENT

12. (SBU) Aliko Dangote gained unanimous election August 6 as President and Chairman of the Council of the Nigerian Stock Exchange (NSE) for a three-year term. Dangote, a prominent northern businessman and ally of President Yar'Adua, replaced prominent western businessman Oba Otudeko. Southerner Reginald Abbey-Hart and Westerner Erastus Akingbola gained election as First and Second Vice Presidents under the Council's rotating leadership system. Bismarck Rewane of Financial Derivatives predicted a tightening of market operations and regulations under the new chairman, which could boost investors' confidence. While Dangote listed transparency and improved governance and liquidity as priorities, the Central Bank of Nigeria subsequently identified him as among individuals defaulting on loans to troubled local banks.

NIGERIA IMPLEMENTS NEW MULTI-YEAR ELECTRICITY TARIFF

13. (U) Under a new Multi-Year Tariff Order (MYTO) implemented in July, Nigeria created a rate structure to capture the full cost of delivering electricity, facilitating transition to a more efficient and reliable market-oriented power supply system. The MYTO will permit a yearly review and adjustment of prices, if material variations (five percent or more) occur in the inflation rate, exchange rate, and cost of gas. According to the Electricity Regulatory Commission, a three-year, one-billion-dollar federal government subsidy will protect consumers by covering the difference between the old fixed rate and the new market-driven rate. The new rate is intended to generate funds for salaries, maintenance, repair, and investment in the power sector.

LIGHT-UP-NIGERIA PLANNING OCTOBER EVENTS

14. (U) Young professional Nigerians fed up with insufficient electrical power in their country started the Light-Up-Nigeria social movement in July on social media networks Facebook and Twitter. Members of the group, which now numbers 17,000 users inside and outside Nigeria, told Econoff August 18 of plans to host events in Abuja, Lagos, London, and possibly the U.S. on Nigeria's Independence Day (October 1). As part of efforts to garner support, Light-Up-Nigeria will produce a theme song and promotional materials. They hope to transform October 1 into a type of Live Aid event for electrical power in Nigeria.

CUSTOMS SERVICE GETS NEW COMPTROLLER GENERAL

15. (U) Assistant Comptroller General Abdullahi Dikko replaced Bernard-Shaw Nwadialo as the new Comptroller-General of the Nigerian Customs Service on August 17. The press characterized Dikko as a good manager who will promote his agency's growth and welfare. U.S. Congresswoman Sheila Jackson-Lee paid a courtesy call on him during her visit to Nigeria (SEPTTEL).

ALLEGED TAX EVASION IN MUSIC BUSINESS

16. (SBU) Performing Musicians Association of Nigeria (PMAN) President Tee-Mac accused foreign musicians entering Nigeria on tourist visas of depriving the GON of tax revenue from their performances. Tee-Mac claimed to Econoff August 10 that, while all foreign artists performing in Nigeria must pay 25 percent of their

ABUJA 00001540 002 OF 004

earnings in taxes, the GON did not enforce this provision. He said Nigerian music promoters launder money by deliberately inflating costs of performances, transferring the inflated amounts to performers' accounts overseas, and then crediting their accounts with the excess amounts.

COUNTERFEIT CARTRIDGES CAUSE TROUBLE FOR HP

17. (SBU) Hewlett Packard's Anti-Counterfeiting Team Leader for Europe and Africa, Lukas Drlik, claimed to ECONOFF August 7 that the Nigerian Police Inspector General was behind an illicit business in Lagos that produced counterfeit toner and print cartridges. According to Drlik, HP has lost 10 million dollars yearly in counterfeit toner sales in Nigeria. He described the mark-up on genuine toners in Nigeria as more lucrative than for drugs, as one can buy cartridges in Dubai for 15 dollars and sell them here for 100 dollars. This margin encouraged counterfeiters, including some authorized HP distributors, to produce fake toners for one dollar and sell them for 100 dollars. Consulate Lagos is working with HP and the Nigerian Standards Organization to protect HP's rights.

VIRGIN NIGERIA TO FOCUS ON REGIONAL MARKET

18. (SBU) Virgin Nigeria (VN) Chief Executive Officer Captain Dapo Olumide said his company planned to reinvent itself as a Pan-African airline by focusing on regional markets and recruiting pilots and crew from African destinations. The airline will focus on routes between Nigeria and other African countries, such as Ghana, Senegal, Ivory Coast, and Togo. VN recently acquired two new Brazilian Embraer jets and planned to purchase 14 more to improve cost efficiency on local and regional routes. Olumide lamented increases in Nigeria's airport fees, which discouraged air traffic, while other countries lowered theirs. VN wanted to establish a maintenance base in the region, but not necessarily in Nigeria. In January, VN announced suspension of long-haul flights to London and Johannesburg and, instead, introduced flights to Senegal and Gambia.

MOST OIL PRODUCTION OFFSHORE

¶9. (SBU) Coleman McDonough of Hercules Offshore told Econoff August 10 that Nigeria's oil production had fallen to one million barrels per day (bpd). He said Exxon Mobil, with production of 700,000 bpd (including 200,000 from the Erha field alone) accounted for almost three-quarters of Nigeria's production. McDonough said that most, if not all, production now came from off-shore fields. He claimed that Shell and Chevron had almost totally shut down production in the Delta.

SCHOOLS DAMAGED IN BOKO HARAM CRISIS

¶10. (U) The Boko-Haram crisis in Borno state (Ref A) reportedly affected two schools benefiting from the Ambassador's Girls' Scholarship Program (AGSP). Fire destroyed these schools, one of which the Ambassador visited earlier this year to meet with AGSP scholars and distribute books (Ref B). The circumstances of the fires remained unknown.

ANAMBRA PDP EXECUTIVE COMMITTEE DISSOLVED

¶11. (U) Peoples' Democratic Party (PDP) stakeholders in the South East formally dissolved the party's Anambra State Executive Committee August 18, after a long-standing battle over party control that produced intra-party disputes. Stakeholders called for new elections at ward, local, and state levels to select new executive

ABUJA 00001540 003 OF 004

councils to run party affairs. Anambra state journalist Fred Okoni told PolSpec that, with all three PDP factions vying for control, dissolution of one powerful faction would not likely resolve the power tussle. One faction, however, may team up with Governor Peter Obi (APGA) in the gubernatorial election in early 2010.

ASUU PRESIDENT DESCRIBES PAY DISPARITY

¶12. (U) Academic Staff Union of Universities (ASUU) President Ukachukwu Awuzie publicly condemned a GON threat to institute a "no-work, no-pay" rule after nearly two months of strikes by university teachers across Nigeria. Awuzie insisted August 18 that the union would not allow the issue of lost pay to dampen members' desire to seek fundamental changes in Nigeria's educational system. Awuzie described the disparity in wages between professors and those in the federal government opposing ASUU's actions. He explained that the present salary of a professor at Nigerian universities amounted to about 3,859,078 naira annually (about 24,423 U.S. dollars), while a local government chairman earned 13.9 million naira (about 87,975 dollars), and a permanent secretary, executive secretary, parastatal chief executive, and vice chancellor earned about 22 million naira (about 139,241 dollars) per year. In comparison, a Federal High Court Judge earned 26,875,840 naira (170,100 dollars), a Federal House Member 35,932,346 naira (227,420 dollars), and a Senator 36,677,840 naira (about 232,138 dollars) yearly. After an August 10 meeting of the union's National Executive Council Awuzie said, "It is sad to note that although we were invited to resume the renegotiations with the GON on August 3, we have spent the first week without achieving anything."

BAYELSA STATE AND USAID SIGN MOU

¶13. (U) USAID-Nigeria signed a Memorandum of Understanding (MOU) with the Executive Governor of Bayelsa State August 13 to strengthen the capacity of key government branches, in the first instance in which a Nigerian state has transferred resources to the USG to improve the capacities of state and local institutions. The project will equip government officials to enact and implement Bayelsa's

2009 Public Procurement Bill and pending fiscal responsibility legislation; enhance the ability of the Due Process and e-Governance Bureau, the Central Tender Board, and the Procurement Departments in various ministries, departments and agencies to implement public procurement legislation and apply procurement best practices; and build the capacity of legislators and permanent staff of the House of Assembly to fulfill their legislative roles. USAID-Nigeria will also help establish a Budget and Procurement Research Office in the legislature to further promote transparency and accountability.

DFID AND USAID SIGN MOU

¶14. (U) USAID-Nigeria and the United Kingdom's Department for International Development (DFID) signed an MPU formalizing a partnership to implement the Nigeria Education Data Survey (NEDS) ¶2009. NEDS encompasses a nationwide household survey to gather and analyze data on schools and other education and training institutes in the country. The survey will provide strategic information for the Federal and State Ministries of Education and development partners in Nigeria. USAID will provide 1.1 million dollars for the survey, matched by a 1.5 million dollar contribution from DFID.

USAID SUPPORT FOR EXPANDED MAIZE MARKET

¶15. (U) USAID-Nigeria's Maximizing Agricultural Revenues and Key Enterprises in Target Sites (MARKETS) project formed a new alliance with Nigerian private sector firm Grand Cereals to increase productivity and expand markets for maize. Grand Cereals will help farmers achieve greater maize yields using MARKETS on-farm and seed technologies. Grand Cereals is the largest maize processor in Northern Nigeria, buying 65,000 metric tons of grain from farmers

ABUJA 00001540 004 OF 004

annually. Project officials plan to address constraints from limited maize storage capacities and increase yields from 1.5 metric tons per hectare to more than 2 metric tons per hectare. The project is working with Grand Cereals through the United Bank for Africa (UBA) to access three billion naira (about 19 million dollars) for processing expansion, storage facility construction, and working capital in the sorghum sector.

2008 DEMOGRAPHIC AND HEALTH SURVEY RESULTS

¶16. (U) The Nigerian National Population Commission Chairperson and USAID-Nigeria Mission Director presented preliminary results from the 2008 Demographic and Health Survey (DHS) to First Lady Hajiya Turai Umaru Yar'Adua on August 11. While USAID provided most funding, the UNFPA covered some local costs. The presentation included a summary of key findings and areas of improvement since the 2003 survey. The 2008 survey collected data from a nationally-representative sample of about 48,000 men and women between the ages of 15 and 59 and offered, for the first time, data disaggregated by state for most indicators and the ability to gauge a maternal mortality ratio.

MCCULLOUGH